



September 25, 2024

## THE LONG PULL: Beaver Creek Update (APM.V, NICU.V, and MSA.V)

We've got a quick *Long Pull Report* this week.

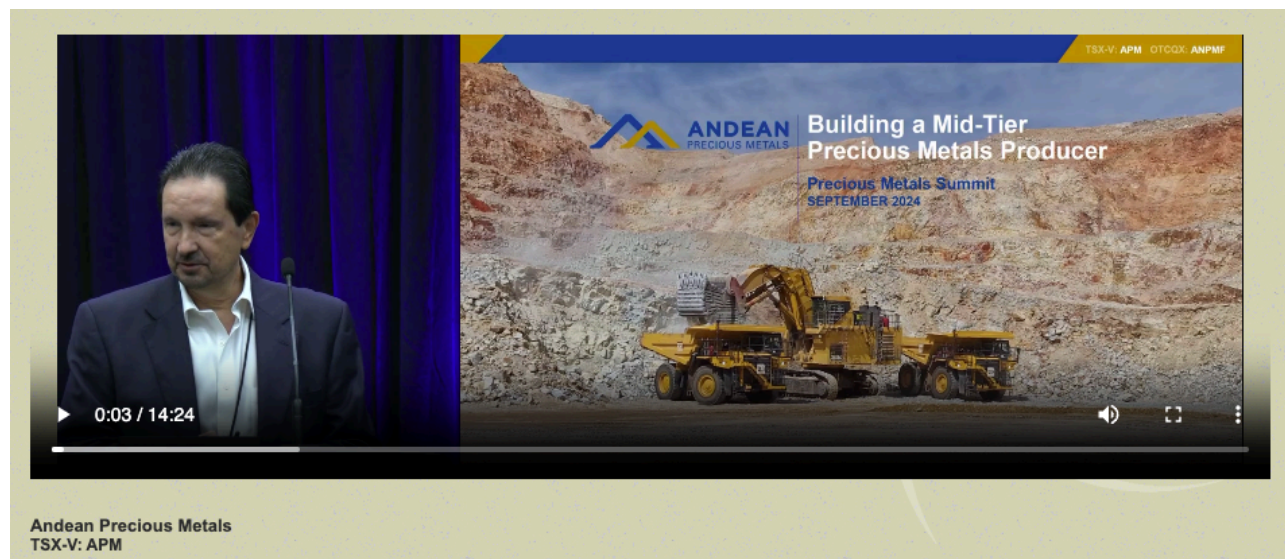
Gold is making new ATHs, and silver shot above \$32/oz. There's so much happening in our collection of mining stocks that it's important to stop and take inventory of **where we are, where we think our investments will go, and how they'll get there.**

Over the past month, our portfolio companies have presented at various mining/precious metals conferences, such as Beaver Creek and Denver Gold.

In this week's *Long Pull Report*, I share my Cliff Notes from each presentation for Andean Precious Metals (APM.V), Magna Mining (NICU.V), and Mineros SA (MSA.V).

Let's get after it.

### Andean Precious Metals: Doubling The Company ... Again?



Watch the presentation [here](#), and download the investor deck [here](#).

***On the growth of the company until today ...***

- “When we purchased the San Bartolome mine, it only had eight month life of mine. It’s been operating for seven years. And we have 4.5 more years in the current pipeline.”
- “We’ve always wanted a strong balance sheet. And we focus on cash flow. Our business model is focused on purchasing silver ore in Bolivia, and generating a healthy profit on that ore.”
- “We have generated positive cash flow every year since inception.”

### ***On the San Bartolome operations ...***

- “The latest MRE shows another 4.5 years of resources and reserves that we have purchased. But the beauty of this is that we’re still buying from third parties. And it varies on seasonality. Could be 40Koz/month or 70Koz/month. **The more we buy, the longer we stretch our mine life.**”
- “Cerro Rico is probably the richest silver deposit ever discovered. It’s the place to be for silver mining in Bolivia.”
- “This mine had an original mine life of seven months when we bought it in 2017.”
- The sliding scale for costs includes silver spot price, ore grade, weight/tonnage, recovery, and transportation costs.

### ***On the Fines Disposal Facility Project ...***

- “We invested into recycling our own tailings dams because they’re higher grades than Ballacos ore.”
- “We’re starting with the lowest grade ore first and moving to the higher grade down below.”

### ***On Golden Queen Mine ...***

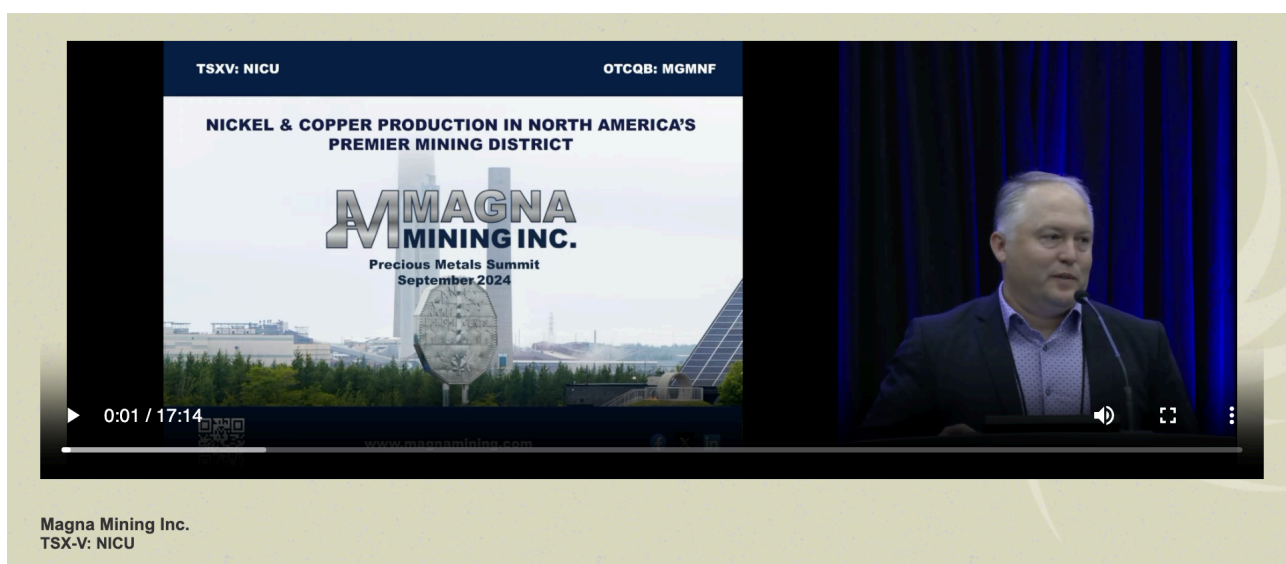
- “We have 485Koz in P&P with an initial 5YR mine life. We’re optimistic about expanding mine life ... we will start disclosing the results of drilling and exploration on Golden Queen in Q1 next year.”
- “There’s a lot of low-hanging fruit to improve/optimize Golden Queen, like purchasing new trucks to reduce overhaul and maintenance costs, optimizing drilling and blasting processes, updating the geological model, optimizing crushing processes, and renegotiating key contracts like insurance and third-party services.”
- “We’re increasing the exploration budget at Golden Queen to address three targets: **Silver Queen Extension, Alphason Target, and Sheeted Vein Zone.**”

- “We create value at Golden Queen by extending mine life, controlling and optimizing costs, and potentially **adding an aggregates business.**”

### ***On the company’s transformation ...***

- “Very few companies can say they doubled the size of their company *without* diluting shareholders to do it.”
- “We have more cash now than when we purchased Golden Queen a year ago.”
- “We’re a 50/50 mix between gold and silver on a production basis.”
- “We, the insiders, have a lot of skin in the game. That means we’re very careful with what we do with our money.”
- “We’re trading at <1.3x our cash, 0.6x our revenue, 1.5x our EBITDA ... there’s a lot of room for a re-rating.”

## **Magna Mining: Creating a Ni-Cu-PGM Behemoth in Sudbury**



Watch the presentation [here](#), and download the investor deck [here](#).

### ***On The Sudbury Advantage ...***

- “Sudbury has a long mining history, especially from major mining companies. It has two nickel smelters, underutilized mills, and refiners.”
- “All of this infrastructure creates low costs and a really advantageous social license to operate.”
- “The biggest reason why we love Sudbury is because of its mineral endowment. It will have many more big discoveries.”

### ***On growth strategies and Crean Hill ...***

- “We have three pillars: Near term production from Crean Hill, new discoveries, and synergistic acquisitions.”
- “We acquired Crean Hill in 2020. It was a historic producer operated by Inco. It produced over 20Mt before it went into care and maintenance.”
- “There’s still over 20Mt of 1%+ NiEq resource left. There’s potential for open pit and underground mining at Crean Hill for at least 15 years.”
- “Crean Hill is relatively compact. We have all the necessary permits. We completed our first bulk sample of 20Kt from our 109 footwall deposit.”
- “Most mineralization is contact nickel/copper, which has been mined in Sudbury for over 100 years.”

### ***On Crean Hill Geology ...***

- “Historically, it was assumed that this was a low sulphide, high PGM mineralization. Something like 0.2% copper. The drilling we’ve done shows that there’s a high-grade massive sulfide zone to it, too. We’ve hit intersections at 5%+ copper and 10g/t of PGMs.”
- “We also have the 101 Footwall Zone, which has 4%+ nickel with 3-4 meter thickness.”
- “Then the third zone is the 105 Footwall Zone, which we believe connects the two zones.”
- “We have a good understanding of the existing footwalls, but we identified another potential footwall discovery ... the reason for that is there is the potential for high-grade copper and PGMs there.”
- “Lots of exploration happening right now.”

### ***On Crean Hill Accomplishments in 2024 ...***

- Approved closure plan and Vale processing agreement
- Permit to take water
- Processing agreement with Glencore
- 20Kt bulk sample extraction
- Processing of surface bulk sample

### ***On NICU’s Acquisition Strategy ...***

- “Our acquisition strategy is something that has been part of our DNA since inception. This is what I did at FNX Mining and it helped us get acquired for \$1.8B.”
- “We see the same opportunity today as we did with FNX Mining back in the day.”

- Acquisition target criteria: Sudbury basin, low acquisition and capital costs, fast track to production, high margin/high grade.

### ***On Near-Term Catalysts ...***

- Near-term production from Crean Hill and the bulk sample
- Exploration within the Deep Footwalls
- Updated MRE and PEA for Crean Hill (already published)
- Royalty deal for precious metals stream
- Acquisition (recently acquired basket of KGHM assets)

## **Mineros SA (MSA.V): Capital-Returning Emerging Mid-Tier Gold Producer**



Watch the presentation [here](#), and download the investor deck [here](#).

### ***On company's history ...***

- “We’ve been operating for the past 50 years, trading on the Colombian exchange for the past 40 years, and just recently started trading on the TSX.V.”
- “We’ve paid dividends 38 out of the past 40 years.”

### ***On company AISCs ...***

- “Our Nicaraguan segment has flexible AISCs because we buy from third parties and artisanal miners. For example, when gold prices rise, our AISCs rise because we pay a roughly flat 45% of spot price for that gold. When gold prices fall, so do our AISCs.”

- “Our Colombian asset has relatively lower AISCs around \$1,350/oz. It’s higher because the Colombian peso was the most revalued currency in the world. This increases our costs in dollar terms. Now, the currency has started to devalue, which will help costs going forward.”
- “Our cash cycle generally increases in the second half of the year because we pay taxes in the first half of the year.”

### ***On capital returns and balance sheet strength ...***

- “We are a consistent dividend payer. This year we are paying \$0.10/share. Our yield is currently 13%. Not because we’re paying a lot in dividends, but because our share price is so cheap.”
- “We keep paying the dividend even while growing the business.”
- “We pay a dividend because we can. The moment we have an interesting option or something better to do with the cash, we’ll cut it and invest there.”

### ***On Colombian asset ...***

- “This is one of the biggest alluvial gold operations in the world. Difficult to compare it to something else.”
- “Our mine is on the bank of the river. We create an artificial pond, dredge it completely, and then move downstream from the river, and then we close it.”
- “We close the mine as we move downstream.”
- “The gold is roughly 15-30 meters below the riverbed.”
- “This is the mother of the company, it has been in business with this alluvial mine for 50 years.”

### ***On Nicaraguan asset ...***

- “I believe we are one of the largest toll mining / artisanal operators in the world.”
- “We pay miners 40-45% of the price of spot gold, and it’s been very reliable.”
- “We generate around 155Koz/year in gold from this arrangement.”
- “Everybody wins in this model: we make more money, the artisanals make more money, and the government makes more money.”

### ***On Growth ...***

- “We’re exploring the Porvenir Project in Nicaragua’s Golden Triangle. It’s in feasibility study right now, and should have that finished next year.”
- “This should get us another 60K-80Koz of gold annually, which would get us to 200Koz of annual gold production in Nicaragua.”